

Exhibit No. 43

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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2021-0240

SURREBUTTAL TESTIMONY

OF

ANNEMARIE NAUERT

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

**St. Louis, Missouri
November 5, 2021**

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1 customers. Ameren Missouri based its permanent program proposal on the learnings from the pilot
2 we conducted in accordance with the stipulation and agreement.² Since these learning activities
3 included collecting and considering pilot customer feedback, it is realistic to expect that pilot
4 customers may have interest in the permanent program, given that it is based on what these
5 customers have said they would like to see improved in the current pilot program. I support
6 providing an option to transition for pilot customers interested in voluntarily doing so. Ameren
7 Missouri is not proposing to move pilot customers involuntarily to a program with terms different
8 than what they signed up for, which is why we are proposing the pilot program tariff be retained
9 to grandfather pilot customers who want to remain on the tariff.

10 **Q. How do you suggest managing the introduction of the permanent program**
11 **tariff while retaining the pilot program tariff?**

12 **A.** I suggest managing the two program options as follows:

- 13 1. Upon approval of the permanent program tariff, the pilot tariff would be closed to new
14 customers.
- 15 2. Ameren Missouri would develop a communication plan, similar to that planned for
16 Pure Power customers, to explain the permanent program option to customers.
17 Customers would be allowed to voluntarily transfer to the permanent program if they
18 so desire.
- 19 3. As pilot customers leave by natural attrition (e.g., moving out of the service territory)
20 or voluntary transfer to the permanent program, unsubscribed pilot resource capacity
21 would be converted to permanent program resource capacity.

² File No. EA-2016-0207, Non-Unanimous Stipulation and Agreement, Appendix D, signed September 23, 2016.

1 This plan has the advantage of preserving the pilot program option for customers who do
2 not want to switch to the permanent program option while allowing interested pilot customers the
3 option to move to a program based on their own improvement opportunity feedback to Ameren
4 Missouri.

5 **Q. Referring to your direct testimony, what is the Company's intent in proposing**
6 **that under-subscribed Renewable Energy Certificates ("RECs") be considered for**
7 **management as part of Ameren Missouri's Renewable Energy Standard ("RES")**
8 **compliance program?**

9 A. In my direct testimony, I proposed using under-subscribed RECs as an option to
10 mitigate the impact of potential under-subscription of Community Solar resources to non-
11 subscribers, and to illustrate how even in the unlikely event of sustained under-subscription, there
12 are options to mitigate any risk to protect non-subscribers from financial impacts. Specifically, in
13 the event that a Community Solar resource experiences sustained under-subscription, the
14 unsubscribed generation capacity could be removed from the Program and instead used to meet
15 Ameren Missouri's RES compliance targets. However, as emphasized in my direct testimony,³ the
16 risk of under-subscription is low given subscription trends and forward-looking market research.

17 **Q. How do you respond to Ms. Coffey's assertion that the success Ameren**
18 **Missouri experienced in subscription levels eliminates the need to adjust the pre-**
19 **construction subscription requirement?**⁴

20 A. I disagree with the assertion. It is certainly true that the program has demonstrated
21 robust customer demand through both the response to active marketing and passive enrollments.⁵

³ File No. ER-2021-0240, Annemarie Nauert Direct Testimony, p. 4, ll. 13-22, p. 5, ll. 1-2, and p. 6, ll. 4-8.

⁴ File No. ER-2021-0240, Amanda Coffey Rebuttal Testimony, p. 5, ll. 1 – 30.

⁵ Nauert, *supra*, at p. 3, ll. 13-23, p. 4, ll. 1-2.

1 However, rather than a reason to keep the pre-construction requirement constant, this level of
2 demand demonstrates why the requirement can be reduced to 50% with minimal risk to non-
3 subscribers. Lowering this requirement below 90% would allow for a better match-up between
4 customer demand and program resource availability. This would better match customer
5 expectations that their subscription begins in a timely manner after enrollment⁶ with minimal risk
6 to non-subscribers based on enrollment trends and market research demonstrating continuing
7 demand as shared in my direct testimony. As a further protection of non-subscribers, a faster path
8 to service for Community Solar subscribers also supports long-term success and subscription
9 stability for the program overall as demonstrated by the higher customer satisfaction levels for
10 those receiving service from the program versus those on the waitlist.

11 **Q. How do you respond to Ms. Coffey's assertion that the 90% pre-construction**
12 **subscription requirement is not the primary barrier to faster service for Community Solar**
13 **customers?⁴**

14 A. While I agree there are other factors contributing to the timeline for service, the
15 90% requirement imposes a significant bottleneck on the process that is unnecessary at this point
16 after three years of pilot operation and demonstrated customer demand. Originally, this limit was
17 put in place in the event that customer demand did not materialize for the pilot. However, we now
18 know from subscription trends, market research, and a waitlist that continues to grow that
19 customers are motivated to pursue participation in this now-improved program at levels above the
20 current capacity available. Given that many of the process constraints cited by Ms. Coffey cannot
21 readily be changed (time to construct, time for Certificate of Convenience and Necessity approval),

⁶ *Id.*, at p. 5, ll. 16-18.

1 the pre-construction subscription requirement is the primary addressable barrier to developing
2 program resources in parallel with customer demand.

3 **Q. Do you agree that more time or information is needed before establishing a**
4 **permanent program?**

5 A. No. Now is the most prudent and effective time to put in place a permanent
6 Community Solar program based on pilot program learnings. The following are the top three
7 compelling reasons:

- 8 1. **Pure Power Is Scheduled to End:** Pure Power is currently closed to new
9 customers, and Community Solar is to serve as its successor, as agreed to by
10 Staff and other stakeholders.⁷ The current proposal supports completing this
11 transition by end of year 2023 without a gap in a renewable energy program
12 option for the over 4,500 Community Solar-eligible (i.e., 1M and 2M rate class)
13 customers currently in Pure Power.
- 14 2. **Intent of Pilot Has Been Fulfilled:** Staff and other stakeholders agreed to a
15 three-year pilot⁸ of Community Solar to test program design and capture
16 learnings for future consideration. After three years of operation and customer
17 feedback, we now have a clear sense of what can be improved. The current
18 proposal is a direct result of these learnings.
- 19 3. **Customer Demand Is Clear:** Another intent of the pilot was to test customer
20 interest.⁹ The subscription rates have clearly demonstrated interest exists.¹⁰

⁷ File No. ER-2019-0335, Corrected Non-Unanimous Stipulation and Agreement, p. 14, paragraph 38, filed February 28, 2020.

⁸ File No. EA-2016-0207, Second Amended Stipulation and Agreement, under proposed tariff *Definitions*, signed August 20, 2018.

⁹ File No. EA-2016-0207, Second Amended Stipulation and Agreement, under proposed tariff *Purpose*, signed August 20, 2018.

¹⁰ File No. ER-2021-0240, Annemarie Nauert Direct Testimony, p. 3, ll. 13-23, p. 4, ll. 1-2.

1 Further, market research shows the potential for even more demand if the
2 proposed permanent Program design is adopted.

3 **Q. Do you agree with Staff's assertion that the 22% response rates to the program**
4 **surveys were too low for conclusions to be valid?**

5 A. No, the 22% response rate was in line with other survey techniques that Ameren
6 Missouri could conduct (e.g., virtual customer panels). The 2020 results were especially strong,
7 with a margin of error of only 6% at the 99% confidence level based on this population size. While
8 Ameren Missouri is open to considering other survey methods in the future, this was a cost-
9 effective and repeatable way of achieving this level of response.

10 **Q. What is your response to Staff's recommendation that Ameren Missouri**
11 **conduct a survey of Pure Power customers in order to determine interest?**¹¹

12 A. As discussed in my direct testimony, Ameren Missouri conducted residential
13 market research last year to determine overall customer interest in a permanent program. Limiting
14 this research to Pure Power customers alone would have provided a less complete understanding
15 of future customer demand. Further, the 2019 rate case Corrected Non-Unanimous Stipulation and
16 Agreement¹² specifies an end to Pure Power and requires a Community Solar program of sufficient
17 size to be introduced to Pure Power customers as a successor program. Currently, under its tariff,
18 Community Solar is not approved to enroll new customers beyond March 31, 2021¹³ or support
19 100% clean energy subscriptions,¹⁴ which disqualifies it as a viable transfer option for Pure Power

¹¹ File No. ER-2021-0240, Amanda Coffey Rebuttal Testimony, p. 6, ll. 7-8.

¹² File No. ER-2019-0335, Corrected Non-Unanimous Stipulation and Agreement, p. 14, paragraph 38, filed February 28, 2020.

¹³ File Numbers EA-2016-0207 and ET-2020-0022, UEC E Community Solar Pilot Tariff, Sheet 158.2, item 4.d., effective May 30, 2021.

¹⁴ *Id.*, at Sheet 158, under *Availability*.

1 customers. Therefore, it would be premature to contact Pure Power customers about their interest
2 in transitioning to the program.

3 **Q. Do you agree with Ms. Coffe's criticism of the timing and customer make-up**
4 **of the program surveys?**¹⁵

5 A. No, these surveys have provided valuable information, have acceptable statistical
6 margins of error, as discussed above, and directly complied with regulatory requirements as agreed
7 to by Staff. Ms. Coffe's criticism is misguided. First, Ms. Coffe questions the validity of
8 waitlisted customer feedback. Ms. Coffe implies on page 4, line 16 of her rebuttal testimony that
9 enrolled customer feedback is more valuable or valid than waitlisted customer feedback. I disagree.
10 The feedback from waitlisted customers gives important insight into customer experience and
11 program design. For example, waitlisted customers are often those most affected by a design
12 element that limits resource availability like the 90% pre-construction requirement. Further, all
13 customers – waitlisted or not – can provide valuable feedback on how various aspects of program
14 design impacted their decision to sign up for the program. For instance, customers across both
15 groups indicated a desire for up to 100% subscription levels (rather than the current 50% cap in
16 the block-based model). This informed the proposed design change to make the Program
17 percentage-based. In addition, both waitlisted and enrolled customers receive program
18 communications, making feedback on this part of the Program valid from both sets of customers.

19 Next, Ms. Coffe implies on page 4, line 15 of her rebuttal testimony, that the program
20 surveys are less effective because of their timing in the pilot lifecycle. However, Ameren Missouri
21 conducted the surveys in line with the stipulation and agreement schedule agreed to by Staff.¹⁶ It

¹⁵ File No. ER-2021-0240, Amanda Coffe Rebuttal Testimony, p. 4, ll. 4-18.

¹⁶ File No. EA-2016-0207, Non-Unanimous Stipulation and Agreement, Appendix D, signed September 23, 2016.

1 is unclear whether Ms. Coffey is suggesting this timeline should be changed, but based on the
2 current agreement, Ameren Missouri has met the program survey expectations of its stakeholders.

3 **Q. How does Ameren Missouri's compliance with reporting requirements**
4 **invalidate Ms. Coffey's overall recommended course of action in her rebuttal testimony?**

5 A. In her closing recommendation on page 6, lines 11 – 25, Ms. Coffey suggests that
6 Ameren Missouri must complete its first annual report to comply with stipulation and agreement
7 requirements around learnings and future considerations. If I am interpreting her statement
8 accurately, it is incorrect. In fact, Ameren Missouri has completed and submitted the following
9 annual report of learnings and future considerations, as documented in the Missouri Public Service
10 Commission's Electronic Filing Information System:

- 11 • 10/09/2019 report – Future Considerations section on page 2; and
- 12 • 10/11/2020 report – Future Considerations section on page 3.

13 **Q. Does Ms. Coffey consider those customers who want to subscribe to the**
14 **Program at 100%?**

15 A. No. Ms. Coffey's rebuttal testimony disregards customers' desire to subscribe up to
16 100% of their usage in a green energy program. This is especially important customer insight to
17 take into account with Pure Power scheduled to end. Without changes to Community Solar,
18 residential and small business customers will have no option for up to 100% of their usage to be
19 met through a green energy program. Unlike Dr. Marke's rebuttal testimony which supports
20 Ameren Missouri's proposal to allow up to 100% subscriptions, Ms. Coffey's testimony is silent on
21 this point and opposes Ameren Missouri's proposal that would support this soon-to-be unmet
22 customer need. Ms. Coffey's response provides no alternate indication of how this can be
23 addressed.

1 **III. RESPONSE TO THE OFFICE OF PUBLIC COUNSEL REBUTTAL**

2 **Q. Do you agree with Dr. Marke's assertion that after only one completed**
3 **program resource it would be premature to lower the 90% pre-construction subscription**
4 **requirement?**¹⁷

5 A. No. While it is true that only one resource is currently in service, the Program has
6 now demonstrated twice that there are more than sufficient numbers of customers to support it.
7 The Program experienced robust demand for the second resource, which is currently under
8 construction. Dr. Marke asserts that the 90% requirement is in place to ensure enough customers
9 can support future facilities to protect non-subscribers. Based on the market research I shared in
10 my direct testimony, there is a clear indication of continuing subscription demand for a program
11 of this type. A 50% requirement balances the interests of subscribers (i.e., resources readily
12 available for subscription) while still providing substantial protection to non-subscribers from the
13 risk of under-subscription. As discussed in my direct testimony, this risk is low, but Ameren
14 Missouri recognizes it does still exist, which is why we are proposing a continued requirement for
15 pre-construction subscriptions.

16 **Q. Do you agree with Dr. Marke's suggestion**¹⁸ **that Ameren Missouri's program**
17 **adopt a similar level of investor risk-sharing as Evergy's?**

18 A. No. As Dr. Marke himself mentions,¹⁹ Evergy has experienced challenges with
19 subscribing their program. This is in contrast to Ameren Missouri's program, which has
20 experienced robust levels of demand and continues to have a growing waitlist. Even in the unlikely
21 event that a Community Solar resource experiences sustained under-subscription, the unsubscribed

¹⁷ File No. ER-2021-0240, Dr. Geoff Marke Rebuttal Testimony, p. 30, ll. 15-17.

¹⁸ *Id.*, p. 31, ll. 2-5.

¹⁹ *Id.*, p. 30, lines 13-14.

1 generation capacity could be removed from the Program and instead used to meet Ameren
2 Missouri's RES compliance requirements.

3 **Q. Does this conclude your surrebuttal testimony?**

4 **A. Yes, it does**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust) Case No. ER-2021-0240
Its Revenues for Electric Service.)

AFFIDAVIT OF ANNEMARIE NAUERT

STATE OF MISSOURI)
)**ss**
CITY OF ST. LOUIS)

Annemarie Nauert, being first duly sworn on her oath, states:

My name is Annemarie Nauert and on her oath declare that she is of sound mind and lawful age; that she has prepared the foregoing *Surrebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Annemarie Nauert

Annemarie Nauert

Sworn to me this 3rd day of November, 2021.